

Registered number: 14105915

Macaulay Capital Plc

Half Yearly Report

for the six months ended 30 June 2024

Macaulay Capital Plc

Chairman's Statement

Trading activities

Our business is the provision of growth and replacement capital to established private companies, both directly and from investors whom we introduce. This helps these companies to finance their future development and facilitates partial exits for founder investors, as well as incentivising their management teams through equity ownership.

We generally structure investments as a combination of redeemable loan stock and equity. This gives investors the ability to have much of their capital repaid over time, whilst retaining an equity interest in the investee company. We also arrange EIS investments in private companies where EIS relief is available.

Our aim is to provide investors with a good return on their investment and, because shares in qualifying private companies benefit from Business Relief, they can be transferred free of inheritance tax.

During the six months to 30 June 2024, we agreed terms and largely completed due diligence on two excellent investment opportunities. However, neither completed - in the case of one, because the company was unable to get confirmation from HMRC that EIS relief would be available, and in the case of the other, because of the size of the investment required. As a result, we did not arrange any new investments in the period.

This meant that our revenues were lower than in the six months to 30 June 2023 (when we completed two investments) at £126,601 (2023: £213,946). Our expenses, which are largely fixed, were similar to those in the six months to 30 June 2024 at £316,367 (2023: £319,593). Overall, therefore, we incurred losses of £189,766 in the period (2023: £107,566).

We also incurred abort costs of an estimated £125,000 plus VAT and disbursements, which are referred to in note 5 to the accounts and which will be recognised in the second half of the financial year.

Turning to the balance sheet, our cash at 30 June 2024 was £121,337 (2023: £368,453) and the value of our investments £900,000 (at cost) (2023: £900,000). In addition to our investments, we have a loan to one of our investee companies (Devonvale) of £125,000, to facilitate a move to new premises.

After the period end and as announced on 26 July 2024, the Company agreed to extend the date by which the unconditional founder warrants held by David Horner's two sons (6,000,000 warrants exercisable at 25p per share) must be exercised, from 29 July 2024 to 31 December 2024. At the same time, David Horner lent the Company £500,000 for working capital and other purposes.

The Horner Family remains the largest shareholder block with a total of 2.1 million shares (21.0%).

Our Portfolio

We continue to have seven portfolio companies. Three of the companies – Devonvale, Camloc and Kelda Showers - were identified by us and we helped to structure the investment, agree terms and arrange the investment.

The other four portfolio companies are from the legacy portfolio of companies previously monitored by Chelverton Asset Management.

Investors

We believe that the area of the market that we target for investment is underserved, which will enable us to create value for investors through the identification of opportunities to invest in established companies at attractive valuations. We believe that our offering should be of great interest to High-Net-Worth individuals and family offices, particularly in a time of rising inheritance tax assessments.

We believe that it is important that we broaden the pool of potential investors for the investment opportunities that we create, and this is where we are focusing our marketing efforts.

Outlook

We continue to see interesting investment opportunities and undertake due diligence on those that appear attractive. As we have said before, our investment process is rigorous and time-consuming and because we are highly selective, often unrewarding. However, we believe that this robust selection process is essential to achieve good returns for us and our fellow investors.

Finally, and on behalf of the Board, I would like to thank our Shareholders, employees, and advisers for their support.

Lindsay Mair
Chairman
17 September 2024

The Directors take responsibility for this report.

Macaulay Capital Plc

Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 (unaudited) £	Six months ended 30 June 2023 (unaudited) £	Year ended 31 December 2023 (audited) £
Income		126,601	213,946	539,225
Other expenses		<u>(316,367)</u>	<u>(319,593)</u>	<u>(613,501)</u>
Loss on ordinary activities before interest and taxation		(189,766)	(105,647)	(74,276)
Loan interest		<u>-</u>	<u>(1,919)</u>	<u>(1,919)</u>
Loss on ordinary activities before taxation		<u>(189,766)</u>	<u>(107,566)</u>	<u>(76,195)</u>
Taxation		<u>-</u>	<u>-</u>	<u>-</u>
Loss on ordinary activities after taxation		<u>(189,766)</u>	<u>(107,566)</u>	<u>(76,195)</u>
Loss per Ordinary share in pence	3	<u>(1.90)p</u>	<u>(1.08)p</u>	<u>(0.76)p</u>

Macaulay Capital Plc

Condensed Consolidated Balance Sheet At 30 June 2024

	As at 30 June 2024 (unaudited) £	As at 30 June 2023 (unaudited)	As at 31 December 2023 (audited) £
Fixed assets			
Tangible assets	2,110	3,517	2,813
Investments at fair value through profit or loss	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>
	902,110	903,517	902,813
Current assets			
Debtors: amounts falling due within one year	207,016	90,612	175,503
Cash at bank and in hand	<u>121,337</u>	<u>368,453</u>	<u>338,484</u>
	<u>328,353</u>	<u>459,065</u>	<u>513,987</u>
Creditors: amounts falling due within one year			
Other creditors and accruals	<u>(58,418)</u>	<u>(32,142)</u>	<u>(54,989)</u>
Net current assets	<u>269,935</u>	<u>426,923</u>	<u>458,998</u>
Net assets	<u>1,172,045</u>	<u>1,330,440</u>	<u>1,361,811</u>
Capital and reserves			
Called up share capital	1,000,000	1,000,000	1,000,000
Share premium account	823,000	823,000	823,000
Profit and loss account	<u>(650,955)</u>	<u>(492,560)</u>	<u>(461,189)</u>
Shareholders' funds	<u>1,172,045</u>	<u>1,330,440</u>	<u>1,361,811</u>

Macaulay Capital Plc

Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2024

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Six months ended 30 June 2024 (unaudited)				
At 1 January 2024	1,000,000	823,000	(461,189)	1,361,811
Total comprehensive income for the period:				
Loss for the period	-	-	(189,766)	(189,766)
At 30 June 2024	1,000,000	823,000	(650,955)	1,172,045
Six months ended 30 June 2023 (unaudited)				
At 1 January 2023	1,000,000	823,000	(384,994)	1,438,006
Total comprehensive income for the period:				
Loss for the period	-	-	(107,566)	(107,566)
At 30 June 2023	1,000,000	823,000	(492,560)	1,330,440
Year to 31 December 2023				
At 1 January 2023	1,000,000	823,000	(384,994)	1,438,006
Total comprehensive income for the period:				
Loss for the period	-	-	(76,195)	(76,195)
At 31 December 2023	1,000,000	823,000	(461,189)	1,361,811

Macaulay Capital Plc

Condensed Consolidated Cash Flow for the six months ended 30 June 2024

	Six months ended 30 June 2024 (unaudited) £	Six months ended 30 June 2023 (unaudited) £	Year ended 31 December 2023 (audited) £
Cash flows used in operating activities:			
Loss for the year	(189,766)	(107,566)	(76,195)
Adjusted for:			
Depreciation of assets	703	702	1,406
Interest paid	-	1,919	1,919
(Increase)/decrease in debtors	(31,513)	14,350	(70,541)
Increase/(decrease) in creditors	3,429	(28,252)	(5,405)
Net cash used in operating activities	(217,147)	(118,847)	(148,816)
Cash used in investing activities:			
Purchase of investments	-	(700,000)	(700,000)
Purchase of fixed assets	-	-	-
Net cash used in investing activities	-	(700,000)	(700,000)
Cash flows used in financing activities:			
Interest paid	-	(1,919)	(1,919)
Net cash used in financing activities	-	(1,919)	(1,919)
Net decrease in cash and cash equivalents	(217,147)	(820,766)	(850,735)
Reconciliation of net cash flow to movement in net cash:			
Decrease in cash	(217,147)	(820,766)	(850,735)
Net cash at start of period	338,484	1,189,219	1,189,219
Net cash at end of period	121,337	368,453	338,484

Macaulay Capital Plc

Notes to the Unaudited Financial Statements

1 General information

Macaulay Capital Plc was incorporated on 13 May 2022 for the purpose of acquiring Macaulay Management Limited (“MML”). MML was incorporated on 14 October 2021 and was formed to originate and manage corporate transactions, raise funds from third parties, invest the Group’s own funds alongside those of external investors and to manage the Group’s investment portfolio with the aim of maximising its value. Macaulay Capital Plc acquired the entire issued share capital of MML on 14 June 2022.

The Company is a public limited company, which is incorporated and registered in England and Wales (Registered number: 14105915).

The registered office address is The Office Suite, Den House, Den Promenade, Teignmouth, TQ14 8SY.

2 Accounting policies

2.1 Basis of preparation of financial statements

The interim financial statements of the Company and its subsidiary for the six months ended 30 June 2024, which are unaudited, have been prepared in accordance with UK Generally Accepted Accounting Practice (“UK GAAP”).

The financial information contained in the Half Yearly report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the preceding statutory reporting period is based on the statutory accounts for the year ended 31 December 2023. Those accounts, upon which the auditors, Hazlewoods LLP, issued a report which was unqualified, have been delivered to the Registrar of Companies.

The financial statements have been prepared in accordance with the accounting policies set out in the statutory accounts for the period ended 31 December 2023.

The interim financial statements are presented in sterling.

2.2 Basis of consolidation

The consolidated financial statements incorporate the results of the Company and its subsidiary MML, (the Group), as if they form a single entity using merger accounting. On the establishment of the Company as the ultimate parent of the Group, no change in ownership occurred and the entity was established for the purpose of acquiring MML. Therefore, the requirements of purchase method accounting did not apply.

The financial statements of the subsidiary are prepared for the six months to 30 June 2024 using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated on consolidation.

2.3 Going concern

Company law requires the Directors to consider the appropriateness of the going concern basis when preparing the financial statements.

At 30 June 2024, the Group had cash balances of approximately £0.1 million and had access to £1.5 million from the exercise of the unconditional founder warrants held by David Horner’s two sons. Having reviewed cash flow forecasts for the period to June 2025, the Directors confirm that they consider that the going concern basis is appropriate. This review

Macaulay Capital Plc

Notes to the Half Yearly Report (continued)

2.3 Going concern (continued)

included consideration of the Group's financial position in respect of its cash flows and investment commitments (of which there are none of significance), the working arrangements of key service providers and the current economic environment. In addition, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

The Directors believe that the Group has sufficient resources to continue in operational existence for the foreseeable future. Thus, they have adopted the going concern basis of accounting in preparing the Company's financial statements.

3 Loss per share

The calculation of basic return per share is based on the return after tax and on a weighted average number of ordinary shares in issue in the period. Normal and diluted returns per share are the same as the options granted on 29 April 2024 as detailed in note 4 below are not currently dilutive as they do not vest until two years after the date of grant and exercise is subject to performance conditions.

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)	Year to 31 December 2023 (audited)
Loss after taxation attributable to Ordinary shareholders (£)	(189,766)	(107,566)	(76,195)
Weighted average Ordinary shares in issue	10,000,000	10,000,000	10,000,000
Loss per Ordinary share - basic and diluted (pence)	(1.90)	(1.08)	(0.76)

4 Grant of Share Options

On 29 April 2024, the Company announced that it had granted a total of 1,000,000 options over ordinary shares of 10p each in the Company ("Ordinary Shares", "Options") to certain Directors and senior executives of the Company.

The Company's admission document published in July 2022 stated that the Company may award share options to directors, employees and consultants (other than David Horner) and that any awards would be subject to vesting and/or performance conditions, and that the proportion of Ordinary Shares which would be subject to share options would not exceed 20 per cent.

The Options granted do not vest for two years (except in certain exceptional circumstances) and exercise is also subject to a number of performance conditions. The exercise price of the Options is 21.5p, being the mid-market price at the close of business on 26 April 2024, being the business day before the date of grant. The Options represent 10 per cent. of the Company's current issued share capital.

Macaulay Capital Plc

Notes to the Half Yearly Report (continued)

5 Post Balance Events

As set out in the Company's AQSE admission document dated 25 July 2022, Harry and Tom Horner (the adult sons of David Horner) each hold 3,000,000 warrants ("Unconditional Founder Warrants") that were required to be exercised at a subscription price of £0.25 per share by the date two years from the Company's admission to trading on AQSE being 29 July 2024. As announced on 26 July 2024, the Company has agreed to extend the date by which the Unconditional Founder Warrants must be exercised to 31 December 2024 ("Warrant Extension").

In addition, David Horner lent the Company £500,000 for working capital and other purposes. The Loan is unsecured and ranks alongside the Company's ordinary shares, is interest free and is repayable on or before 31 December 2024 from the proceeds of the exercise of the Unconditional Founder Warrants.

As reported in the Chairman's statement, the Company was unable to complete two potential investments, on which it had agreed terms and largely completed due diligence. Both were expected to complete in the second half of the financial year. Therefore, the Company incurred abort costs of an estimated £125,000 plus VAT and disbursements, which will be recognised in the second half of the financial year.

For more information please visit: www.macaulaycapital.com